

Amendment No. 1 to SB2786

**Watson
Signature of Sponsor**

AMEND Senate Bill No. 2786

House Bill No. 2575*

by deleting all language after the caption and substituting instead the following:

WHEREAS, it is the intent of the Tennessee General Assembly to work on behalf of all citizens in this State to reduce the cost of prescription drugs; and

WHEREAS, out-of-pocket costs for prescription drugs, including insulin, continue to increase at unsustainable rates, putting patients at greater risk for adverse health outcomes due to lack of access to affordable and essential medication therapies; and

WHEREAS, the Tennessee General Assembly has enacted several laws to provide greater oversight and transparency with regard to pharmacy benefits managers; and

WHEREAS, the Tennessee General Assembly recognizes that the citizens of Tennessee deserve access to affordable and essential medication therapies; now, therefore,
BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 56, Chapter 7, Part 32, is amended by adding the following as a new section:

(a) Notwithstanding any law to the contrary, a pharmacy benefits manager or a covered entity shall base the calculation of any coinsurance for a prescription drug or device on the allowed amount of the drug or device. For purposes of this section, "allowed amount" means the cost of a prescription drug or device after applying all pharmacy benefits manager or covered entity discounts.

(b) Notwithstanding any law to the contrary, a pharmacy benefits manager shall not charge a covered entity an amount greater than the reimbursement paid by a

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pharmacy benefits manager to a contracted pharmacy for the prescription drug or device.

(c) This section applies to a self-funded employee welfare plan regulated under the federal Employee Retirement Income Security Act of 1974 (ERISA) (29 U.S.C. § 1001 et seq.) only if the plan voluntarily elects to be subject to this section.

SECTION 2. This act shall take effect on July 1, 2020, the public welfare requiring it, and applies to all policies or contracts entered into, renewed, amended, or delivered on or after that date.